

Message Text

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ACTION EB-08

INFO OCT-01 IO-13 ISO-00 AF-08 ARA-06 EA-07 EUR-12 NEA-10

AGRE-00 CEA-01 CIAE-00 DODE-00 FRB-03 H-01 INR-07

INT-05 L-03 LAB-04 NSAE-00 NSC-05 PA-01 AID-05

CIEP-01 SS-15 STR-04 ITC-01 TRSE-00 USIA-06 PRS-01

SP-02 FEAE-00 OMB-01 /131 W

-----251652Z 039108 /65

R 251632Z JAN 77

FM AMEMBASSY PARIS

TO SECSTATE WASHDC 9102

INFO USDOC WASHDC

AMEMBASSY LONDON

AMEMBASSY ROME

AMCONSUL STRASBOURG

USMISSION EC BRUSSELS

USDEL MTN GENEVA

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E. O. 11652:N/A

TAGS: ETRD, FR

SUBJECT:SECTION 201 INVESTIGATION: NON-RUBBER FOOTWEAR-
FRENCH INDUSTRY REACTION

REF: A. STATE 009205 B. PARIS 00711 C. STATE 003125

D. 76 PARIS 08213

1. SUMMARY. EMBOFF DISCUSSED WITH ADIDAS REPS LIKELY
IMPACT ON FRENCH FOOTWEAR INDUSTRY IF USG APPROVES
USITC RECOMMENDATION TO IMPOSE TARIFF RATE QUOTAS ON
NON-RUBBER FOOTWEAR. ADIDAS SAID IT AND INDUSTRY CAN
LIVE WITH SUCH A SYSTEM. ADIDAS WILL SEEK TO CONVINCE
GOF TO MODERATE ITS COMMENTS IF US IMPOSES TARIFF
RATE QUOTAS. END SUMMARY.

2. DURING JANUARY 21 VISIT TO STRASBOURG, COMMERCIAL

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ATTACHE MET ADIDAS GENERAL MANAGER, HORST DASSLER,
MARKETING DIRECTOR, LAURENCE HAMPTON, COMPANY'S U.S.
COUNSEL, FRANCIS CRAIGHILL OF WASHINGTON - BASED FIRM,
DELL, CRAIGHILL, FENTRESS AND BENTON. DISCUSSION
CENTERED ON LIKELY IMPACT ON FRENCH FOOTWEAR INDUSTRY
IN GENERAL AND ADIDAS OPERATION IN PARTICULAR OF USG
APPROVAL OF USITC RECOMMENDATION TO INSTITUTE TARIFF

RATE QUOTA SYSTEM ON NON-RUBBER FOOTWEAR.

3. CRAIGHILL, WHO REPRESENTED ADIDAS BEFORE USITC DURING NON-RUBBER FOOTWEAR HEARINGS, PROVIDED FOLLOWING PARTICULARS:

A. USITC WAS PERSUADED TO EXCLUDE "ATHLECTIC SHOES OF SPECIAL CONSTRUCTION VALUED AT OVER \$8" (REFTEL A) BECAUSE:

1. DEMAND IN US FOR ATHLETIC SHOES OF SPECIAL CONSTRUCTION HAS BEEN INCREASING SHARPLY;
2. MOST OF THAT INCREASE, IF NOT ALL, IS BEING SUPPLIED BY U. S. PRODUCERS;
3. IN CONTRAST TO U. S. OUTPUT, IMPORTS OF SUCH SHOES ARE DECREASING. INCREASE IN IMPORTS OF FOOTWEAR RECORDED IN U. S.G. STATISTICS AS ATHLETIC SHOES CONSISTS OF CASUAL SHOES FROM FAR EAST VALUED AT UNDER \$6 AND MADE TO SIMULATE "ATHLETIC LOOK".
4. THESE "ATHLETIC LOOK" SHOES ARE PRODUCED FOR A SEPARATE MARKET AND ARE NOT COMMERCIALY INTERCHANGEABLE WITH ATHLETIC SHOES OF SPECIAL CONSTRUCTION;
5. IMPORTS OF ATHLETIC SHOES OF SPECIAL CONSTRUCTION ARE HIGHER IN PRICE THAN THEIR DOMESTIC COUNTERPARTS.

6B. ADIDAS EXPORTS FROM FRANCE TO THE U. S. SOME 30 OF ITS TOTAL PRODUCTION OF NON-RUBBER ATHLETIC FOOTWEAR (TSUSA 700.35.15). ACCORDING TO ADIDA REPS, THESE

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-----251653Z 039112 /65

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FM AMEMBASSY PARIS
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EXPORTS REPRESENT ABOUT 75 OF TOTAL FRENCH EXPORTS OF NON-RUBBER FOOTWEAR IN ALL CATAGORIES AND BY ALL FRENCH MANUFACTURES. SINCE NON-RUBBER ATHLETIC FOOTWEAR IMPORTS WERE NOT REPEAT NOT DEDUCTED BY USITC WHEN TARIFF RATE QUOTA FIGURE (BASED ON 1974 IMPORTS) OF 2,965,000 PAIRS WAS ESTABLISHED, THERE IS MORE THAN ENOUGH ROOM FOR FRENCH EXPORT OF NON-RUBBER FOOTWEAR NOT OF THE ATHLETIC SHOE TYPE. C. THUS, ADIDAS HAS NO PROBLEM SINCE ITS ATHLETIC SHOES ARE EXCLUDED AND OTHER FRENCH SHOE MANUFACTURERS ARE NOT AFFECTED SINCE THERE IS PLENTY OF ROOM IN THE TARIFF RATE QUOTA FOR THEIR TRADITIONAL EXPORTS TO THE U. S. INDEED, THEY MAY BENEFIT WERE SUCH A SYSTEM TO BE INTRODUCED IF MANUFACTURERS IN OTHER LIMITED OFFICIAL USE

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COUNTRIES, E.G. FRANCE AND ENGLAND, RUN UP AGAINST QUOTA LIMITS AND SUB-CONTRACT WITH FRENCH MANUFACTURERS WHO ARE NOT FEELING PINCH.

4. WHEN QUERRIED REGARDING LIKELY GOF AND FRENCH SHOE INDUSTRY REACTION IF USG IMPLEMENTED USITC RECOMMENDATION, ADIDAS REPRESENTATIVES SAID THAT SINCE FRENCH INDUSTRY WOULD NOT BE AFFECTED, REACTION SHOULD BE NIL. WHEN PRESSED WHETHER GOF MIGHT USE INTRO- DUCED OF TARIFF RATE QUOTAS AS EXCUSE TO CRITICIZE US FOR PROTECTIONISM, ADIDAS GENERAL MANAGER SAID HE WOULD EXPLAIN SITUATION TO APPROPRIATE GOF OFFICIALS AND URGE THEM TO REMAIN SILENT OR AT LEAST PLAY AFFAIR IN LOW-KEY MANNER. CAVEAT, OF COURSE, IS THAT "NON-RUBBER ATHLETIC SHOES ETC" WOULD BE EXEMPT FROM FINALLY APPROVED SYSTEM.

5. COMMENT. MEETING WAS MOST USEFUL AND WE CONCLUDE THAT FRENCH INDUSTRY, AT LEAST, WOULD NOT BE HURT IF USG APPROVES USITC RECOMMENDATION AS IT NOW STANDS. WHILE WE CANNOT BE SURE HOW GOF WILL REACT, WE HOPE THAT ADIDAS WILL CONVEY MESSAGE AND CONVINCE GOF TO LIMIT ITS COMMENTS TO MILD JAWBONING RE " DRIFT TOWARD PROTECTIONISM". HOWEVER, AS WE POINTED OUT IN REFTEL B, GOF WILL READ US DECISION RE NON-RUBBER FOOTWEAR AS INDICATION OF NEW ADMINISTRATION'S RESOLVE TO RESIS PROTECTIONISM - REGARDLESS OF THE MERITS OF THE CASE. RUSH

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: RUBBER, FOOTWEAR, TRADE DISCRIMINATION, INVESTIGATIONS, TARIFFS
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Sent Date: 25-Jan-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977PARIS02372
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D770026-1256
Format: TEL
From: PARIS
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Image Path:
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Legacy Key: link1977/newtext/t19770120/aaaaartc.tel
Line Count: 169
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
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Office: ACTION EB
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 4
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 77 STATE 9205, 76 PARIS 8213
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 02-Mar-2005 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 3510783
Secure: OPEN
Status: NATIVE
Subject: SECTION 201 INVESTIGATION: NON-RUBBER FOOTWEAR- FRENCH INDUSTRY REACTION
TAGS: ETRD, FR, US
To: STATE
Type: TE
vdkgvwkey: odhc://SAS/SAS.dbo.SAS_Docs/846c9ed1-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009